

Message Text

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ACTION IO-14

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E.O. 11652: N/A
TAGS: AORG, UN, ILO, WMO
SUBJ: SWISS FRANC DENOMINATED BUDGETS

REF: (A) STATE 138340, (B) GENEVA 8358, (C) BERN 2669

1. REFTELS CROSSED IN TRANSMISSION.
2. OVER RECENT MONTHS MISSIDN OFFICERS, WHEN APPROACHED BY MEMBERS OF OTHER MISSIONS, INCLUDING SWISS, HAVE TAKEN PREVIOUSLY ESTABLISHED US POSTURE THAT BUDGETS SHOULD BE STATED IN A HARD CURRENCY WHICH IS APPROPRIATE TO NEEDS OF ORGANIZATION. IT WOULD APPEAR FROM REF A THAT US POSITION NOW HAS CRYSTALIZED DIFFERENTLY, AND THE MISSION WILL REQUIRE GUIDANCE AS TO WHETHER THE US POSTURE SHOULD BE REPOSITIONED ACCORDINGLY IN DEALINGS HERE.
3. ILO SECRETARIAT PROPOSED, AS A MEANS OF COPING WITH THE PROBLEM OF EXCHANGE RATES, THAT THERE WERE THREE OPTIONS: (A) ADOPT THE BUDGET IN DOLLARS BUT

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SUBSEQUENTLY AUTHORIZE ADDITIONAL DOLLAR ASSESSMENT UNDER PART IV IF DOLLAR WERE TO FALL BELOW THE EXCHANGE RATE USED FOR THE PREPARATION OF THE BUDGET; (B) ADOPT THE BUDGET IN SWISS FRANCS; OR (C) ADOPT THE EXPENDITURE BUDGET IN DOLLARS BUT ASSESS THE CONTRIBUTIONS PARTLY IN DOLLARS AND PARTLY IN SWISS FRANCS. (SIXTY-FIVE PERCENT SWISS FRANCS AND THIRTY-FIVE PERCENT

US DOLLARS WAS SUGGESTED.) ALTERNATIVE C WAS FAVORED BY BLANCHARD. IN DISCUSSION FRG, JAPAN, UK, CANADA AND INDIA SPOKE FOR ALTERNATIVE A; AUSTRIA, TURKEY, USSR, WORKERS REPRESENTATIVE AND EMPLOYERS REPRESENTATIVE SPOKE FOR ALTERNATIVE C. IRAN INDICATED THAT B AND C WOULD CREATE MAJOR DIFFICULTIES FOR THOSE COUNTRIES WHOSE CURRENCIES WERE CLOSELY LINKED TO DOLLAR. BLANCHARD CONCLUDED DISCUSSION BY REFERRING TO THE DIVERGENCE OF VIEWS AND SAYING THAT IMMEDIATE DECISION NOT ESSENTIAL AND THAT COMMITTEE COULD COME BACK TO QUESTION IN NOVEMBER. PRESENT PRACTICE THEREFORE CONTINUES FOR 1978-79 BUDGET.

4. IN ILO DISCUSSION, IRANIAN REFERRED TO EARLIER PROPOSAL THAT POSSIBILITY BE EXPLORED, IN CONJUNCTION WITH OTHER ORGANIZATIONS HEADQUARTERED IN GENEVA, OF AGREEMENT WITH HOST COUNTRY TO SEEK SOLUTION TO FLUCTUATIONS IN EXCHANGE RATE. BLANCHARD REPLIED THAT MATTER HAD BEEN DISCUSSED WITH SWISS AUTHORITIES BUT QUOTE THERE WAS NO REASON TO SUPPOSE AT THIS STAGE THAT THE SWISS AUTHORITIES WOULD BE PREPARED TO AGREE TO A MORE ELABORATE SOLUTION WHICH MIGHT, FOR EXAMPLE, INCLUDE THE IDEA OF AN EXCHANGE RATE GUARANTEE. UNQUOTE

5. REFTTEL B INDICATES THAT DISCUSSION OF WMO SECRETARIAT PROPOSAL TO SWITCH TO SWISS FRANCS HAD OCCURRED IN LIMITED OFFICIAL USE

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WORKING GROUP. EXECUTIVE COMMITTEE WILL REVIEW REPORT OF WORKING GROUP, PERHAPS AS EARLY AS THIS WEEK.

6. ACTION REQUESTED: WHILE THE ISSUE IN ILO HAS BEEN DEFERRED, IT APPEARS THAT IT WILL HAVE TO BE FACED IN WMO DURING THE DAYS IMMEDIATELY AHEAD. MISSION WOULD APPRECIATE RECEIVING ON AN URGENT BASIS THEREFORE: (A) A CURRENT STATEMENT OF US POLICY ON THE CURRENCY DENOMINATION QUESTION WITH GUIDANCE AS TO HOW EXPLICITLY IT IS TO BE ADVANCED IN MULTILATERAL DEALINGS; (B) GUIDANCE ON THE POSTURE US REPS SHOULD TAKE ON THIS QUESTION, DISTINGUISHING IF NEED BE BETWEEN PRIVATE AND OFFICIAL EXPRESSIONS; AND (C) THE RATIONALE FOR THE US POSITION, WHICH WE BELIEVE MUST GO BEYOND THE ARGUMENTATION IN REF A PARA 3 TO BE PERSUASIVE, AND SHOULD PICK UP INSTEAD ON THE SORT OF MOTIVATIONS FOUND IN PARA 3 ABOVE ON THE PART OF INDIA AND IRAN. VANDEN HEUVEL

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